

Oriental Kopi Holdings (KOPI MK)

4QFY25: Within Expectations With Yet Another Record Sales

Highlights

- Results were within expectations as quarterly sales reached a new milestone yet again.
- Margins eased across the board, in part due to seasonality in terms of store openings, while quarterly earnings contracted due to lumpy tax rates.
- Valuations have surged, and appear to have more than priced in the Visit Malaysia 2026 theme. Maintain HOLD and target price of RM1.20.

4QFY25 Results

Year to 31 Sep (RMm)	3QFY25	4QFY25	qoq % chg	FY25	yoy % chg	Comments
Revenue	116.7	133.2	14.1	450.9	62.6	Underpinned by robust sequential SSSG.
GP	30.3	32.9	8.3	114.0	37.7	
EBITDA	27.5	28.6	4.0	98.5	5.0	
Exceptionals	1.0	0.0	11.2	-0.9	73.7	
PBT	23.5	24.3	3.5	83.4	45.0	
PAT	17.9	15.8	-12.0	60.8	40.9	
Core Profit	16.9	15.8	-6.6	62.1	43.7	Within expectations.
Margins (%)	(%)	(%)	qoq ppt chg	(%)	yoy ppt chg	
Gross Profit	26.0	24.7	-1.3	25.3	-4.6	
EBIT	23.6	21.5	-2.1	21.9	-12.0	
Eff. tax rate	-23.6	-35.1	-11.4	-27.2	-2.2	
Core Profit	14.5	11.9	-2.6	13.8	-1.8	

Source: Oriental Kopi, UOB Kay Hian

Analysis

- Within expectations.** Oriental Kopi Holdings' (Oriental Kopi) 4QFY25 core profit of RM15.8m brought FY25 core profit to RM62.1m. Earnings are within our and consensus expectations, accounting for 99% and 100% of our and consensus full-year earnings forecasts respectively. Top-line growth continues to register new highs but earnings contract sequentially primarily from a spike in the effective tax rate to 35% (3QFY26: 24%).

Key Financials

Year to 30 Sep (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	277.3	450.9	626.5	759.8	863.5
EBITDA	80.2	117.1	158.3	199.5	217.8
Operating profit	60.9	87.5	118.6	144.6	159.5
Net profit (rep./act.)	43.1	60.8	86.3	106.0	116.4
Net profit (adj.)	43.1	62.1	86.3	106.0	116.4
EPS	2.2	3.1	4.3	5.3	5.8
PE	50.1	34.8	25.0	20.4	18.6
P/B	48.2	8.8	7.3	6.1	5.1
EV/EBITDA	32.1	21.1	14.7	11.1	9.6
Dividend yield	0.8	0.8	1.1	1.3	1.5
Net margin	0.2	0.1	0.1	0.1	0.1
Net debt/(cash) to equity	-1.1	-0.9	-0.9	-1.0	-1.1
Interest cover	17.6	19.8	49.3	65.7	45.1
ROE	79.4	25.5	23.8	25.2	23.4
Consensus net profit	n.a	n.a	81.96	96.62	n.a
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	n.a

Source: Oriental Kopi, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM1.31
Target Price	RM1.20
Upside	-8.4%

Analyst(s)

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Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	KOPI MK
Shares issued (m)	2,000.0
Market cap (RMm)	2,580.0
Market cap (US\$m)	623.2
3-mth avg daily t'over (US\$m)	0.8

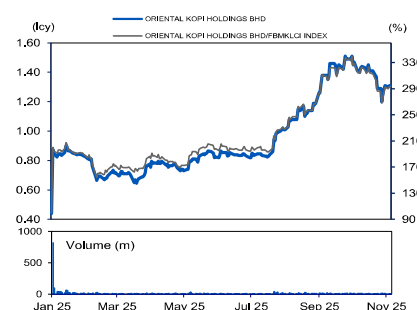
Price Performance (%)

52-week high/low					RM1.51/RM0.74
1mth	3mth	6mth	1yr	YTD	
19.4	31.3	74.3	46.6	46.6	

Major Shareholders

	%
Dato' Chan Jian Chern	42.2
FY25 NAV/Share (RM)	0.15
FY25 Net Debt/Share (RM)	0.12

Price Chart



Source: Bloomberg

Company Description

Malaysia's current largest homegrown public-listed cafe chain that offers local cuisine and Halal-certified packaged food products.

- **Another record high.** Oriental Kopi's 4QFY25 recorded sales of RM133.1m, growing 14.1% qoq. Growth was primarily anchored by robust SSSG. Oriental Kopi ended the year with 27 outlets (25 in Malaysia, two in Singapore), representing a 50% yoy growth and four specialty outlets which sell fast-moving consumer goods. Oriental Kopi's outlets are still growing off a low base. Furthermore, approximately 20% of its FY26 store base are at the forefront to benefit from increased tourism, brought about by Visit Malaysia 2026. Collectively, it supports FY26 sales growth assumption of 38.9% yoy.
- **Margins softened on start-up costs and lumpy effective tax rates.** Oriental Kopi's gross margins for the quarter stood at 24.7%. It is a slight qoq dilution at -1.3ppt. Following start-up costs, 4QFY25's EBITDA margins softened further by 2.1ppt to 21.5%. A spike in the effective tax rate to -35.1% resulted in PAT margins declining 2.6ppt to 11.9%. Full-year effective tax rate came in at -27.1%, arising from non-deductible pre-commencement and start-up expenses incurred on new outlets.

Valuation/Recommendation

- **Maintain HOLD and target price of RM1.20.** Oriental Kopi has returned a whirlwind 145% since its IPO on 23 January. While we like Oriental Kopi for its robust expansion plans and exciting earnings growth trajectory of three-year earnings CAGR of 33.1%, it appears to be fairly reflected by its valuations. Our target price is based on 25.9x but rolled over to 2026F PE, a market cap-weighted average of its peers. That said, an eventual regional rollout and successful replication of its domestic model could further catalyse both investor interest and valuations.

Earnings Revision/Risk

- **No changes to earnings.** Key risk is execution and identification of new outlets and containing costs.

Share Price Catalyst

- **Key beneficiary of Visit Malaysia 2026 – but appears priced in.** While almost all of its outlets are based in shopping malls, which are thronged by tourists, Oriental Kopi has a high proportion of outlets at key tourist hotspots. Four outlets are at airports while three are at iconic shopping malls (Pavilion Kuala Lumpur, TRX and KLCC). These seven outlets account for around 20% of expected store count in FY26. However, Oriental Kopi's valuations appear to have more than priced in Visit Malaysia 2026 with its valuations going on a whirlwind of a run since Aug 25, gaining 54%.

Top-line Growth And Key Drivers

	FY25	FY26F	FY27F	FY28F
Revenue	451	627	760	863
Growth (%)	63	39	21	14
Cafe outlets				
Malaysia	25	31	37	43
Singapore	2	4	5	6
Total	27	35	42	49
Growth (%)	50	30	20	17
Specialty cafes	4	6	7	8

Source: Oriental Kopi, UOB Kay Hian

Environmental, Social, Governance (ESG)

Environmental

- **Sustainability.** Oriental Kopi demonstrates a commitment to circular economy principles by incorporating biodegradable materials and reducing the reliance on single-use plastics in its packaged foods. These efforts align with sustainable resource management goals.

Social

- **Inclusivity.** By pursuing halal certification for its cafes and packaged foods, Oriental Kopi supports cultural inclusivity and addresses the needs of diverse religious and cultural groups, ensuring broader community engagement.

Governance

- **Board independence.** The board includes a majority of Independent Non-Executive Directors (INED), as recommended by the Malaysian Code on Corporate Governance (MCCG). At least 50% of the board comprises INEDs, ensuring independence in decision-making and governance.
- **Board diversity.** The board is composed of individuals with diverse skills, knowledge, and experiences. This diversity extends to age, gender, and cultural backgrounds. Women represent 30% of the board, meeting MCCG recommendations for gender inclusivity.

Profit & Loss

Year to 30 Sep (RMm)	2025	2026F	2027F	2028F
Net turnover	450.9	626.5	759.8	863.5
EBITDA	117.1	158.3	199.5	217.8
Deprec. & amort.	29.5	39.7	55.0	58.3
EBIT	87.5	118.6	144.6	159.5
Total other non-operating income	0.2	1.6	2.4	2.9
Associate contributions	0.0	1.0	2.0	3.0
Net interest income/(expense)	-4.3	-2.4	-2.2	-3.5
Pre-tax profit	83.4	117.8	144.8	158.9
Tax	-22.7	-31.5	-38.7	-42.5
Minorities	0.0	0.0	0.0	0.0
Net profit	60.8	86.3	106.0	116.4
Net profit (adj.)	62.1	86.3	106.0	116.4

Balance Sheet

Year to 30 Sep (RMm)	2025	2026F	2027F	2028F
Fixed assets	135.5	191.4	178.3	161.9
Other LT assets	2.4	2.4	2.4	2.4
Cash/ST investment	251.8	316.0	423.8	538.8
Other current assets	37.1	39.7	48.2	54.7
Total assets	426.7	549.4	652.6	757.8
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	61.0	90.2	106.0	119.2
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	72.3	107.2	122.7	135.8
Shareholders' equity	293.5	352.0	423.9	502.7
Total liabilities & equity	426.7	549.4	652.6	757.8

Cash Flow

Year to 30 Sep (RMm)	2025	2026F	2027F	2028F
Operating	81.8	146.2	157.0	167.0
Pre-tax profit	84.8	117.8	144.8	158.9
Tax	-23.8	-31.5	-38.7	-42.5
Deprec. & amort.	26.3	39.7	55.0	58.3
Associates	0.0	0.0	0.0	0.0
Working capital changes	-5.6	26.2	3.8	3.7
Other operating cashflows	0.2	-6.1	-7.8	-11.4
Investing	-29.1	-48.8	-10.1	-6.5
Capex (growth)	-31.9	-54.9	-17.9	-17.9
Proceeds from sale of assets	0.0	1.0	2.0	3.0
Others	3.5	6.1	7.8	11.4
Financing	137.5	-33.1	-39.1	-45.5
Dividend payments	-21.0	-27.8	-34.2	-37.5
Issue of shares	179.2	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	-20.7	-5.4	-4.9	-8.0
Net cash inflow (outflow)	190.2	64.2	107.8	115.0
Beginning cash & cash equivalent	59.4	251.8	316.0	423.8
Changes due to forex impact	2.1	0.0	0.0	0.0
Ending cash & cash equivalent	251.8	316.0	423.8	538.8

Key Metrics

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	21.9	21.4	22.3	21.2
Pre-tax margin	18.8	18.8	19.1	18.4
Net margin	13.8	13.8	14.0	13.5
ROA	14.5	15.7	16.2	15.4
ROE	25.5	23.8	25.2	23.4
Growth				
Turnover	62.6	38.9	21.3	13.6
EBITDA	46.1	35.2	26.0	9.2
Pre-tax profit	47.4	39.0	22.9	9.7
Net profit	40.9	42.0	22.9	9.7
Net profit (adj.)	43.9	39.0	22.9	9.7
EPS	43.9	39.0	22.9	9.7
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	-0.9	-0.9	-1.0	-1.1
Interest cover	19.8	49.3	65.7	45.1

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